

MEMORANDUM FOR:

DCI

This came over with the LANDSAT
and High Technology papers. Perhaps there
will be a third agenda item.

Keith

Date 15 Dec 81

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[REDACTED]
NATIONAL FOREIGN INTELLIGENCE BOARDNFIC-M-6
10 December 1981

MEMORANDUM FOR NATIONAL FOREIGN INTELLIGENCE COUNCIL

FROM : Walter Elder
Executive SecretarySUBJECT: : Minutes of the Sixth NFIC Meeting, 18 November 1981,
1400-1500 HoursMinutes of the Meeting:

The Director of Central Intelligence, Mr. William Casey, asked the Director, Intelligence Community Staff, [REDACTED] to present the FY 1983 National Foreign Intelligence Program budget for Council consideration.

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[REDACTED] said that the purpose of the meeting was to solicit the principals' advice on the reasonableness of the FY 1983 budget request. He noted the small number of unresolved issues as compared to previous years and observed that this was a direct result of interaction between the Intelligence Community Staff and the program managers. [REDACTED]

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[REDACTED] noted that the principals had been provided with a strawman ranking which was a mechanical integration of rankings submitted by the program managers. The figure [REDACTED] which could be regarded as the DCI guidance cut-off level, was designed to be accommodated within the Department of Defense totals as a result of an earlier agreement with the Deputy Secretary of Defense. [REDACTED]

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[REDACTED] noted that the transformation of the NFIB budget request to a target/topic structure was still underway. The objective was to complete the process for inclusion in the Congressional Budget Justification Books. [REDACTED]

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The rest of the FY 1983 NFIP budget process called for the resolution of the few remaining issues by the DDCI and the DCI, consultation with the program managers, and submission of the FY 1983 budget to the Office of Management and Budget on 23 November 1981. [REDACTED]

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[REDACTED] presented a series of charts* designed to illustrate certain historical trends in NFIP funding and manpower levels and to show future trends with specific reference to FY 1983. [REDACTED]

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*These are attached

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INTELLIGENCE SOURCES
AND METHODS INVOLVED

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[REDACTED]

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[redacted]

The first chart, which shows a real growth [redacted] in funds and [redacted] growth in personnel, is based on a 7 percent deflation factor dating from the March 1981 Presidential budget submission. [redacted]

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The second chart, which breaks the NFIP budget down by programs, shows a growth rate [redacted] for the GDIP. If the FY 1982 one-time costs of some [redacted] procurements are excluded, the real growth rate for GDIP is about [redacted]

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The third chart shows the breakdown by programs for manpower. [redacted]

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The fourth chart projects the budget along major functional lines and shows major increases in SIGINT, covert action, and counterintelligence. [redacted]

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The fifth chart shows the allocation of manpower among these functions and shows major growth in covert action, counterintelligence, and imagery. [redacted]

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[redacted] then turned to Objectives for the 1983-1987 National Foreign Intelligence Program presenting a brief summary of each of the nine objectives and listing the provisions of the FY 1983 budget which are intended to strengthen the Community's capabilities to achieve each objective. [redacted]

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Mr. Casey asked the principals to provide their views on the objectives one by one. [redacted]

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On the first objective, to provide some flexibility to deal with crises, [redacted] observed that recent crises (Iran, Afghanistan, Poland) had demonstrated the need for greater resilience, adaptability, and basic infrastructure. Capabilities were called for which would not divert our efforts against established targets in the following areas:

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- collection access
- collection management
- analysts and support data bases [redacted]

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The FY 1983 budget takes a number of steps to strengthen our capabilities:

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- further Expendable Launch Vehicle backup
- continued modernization and expansion of the U-2 fleet. [redacted]

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The FY 1983 budget provides some measures designed to exploit the added collection capabilities:

- modernization of imagery exploitation capabilities

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- [REDACTED]

- additional analysts and linguists, especially in the Third World

- improved data bases

- improved crisis support and dissemination systems. [REDACTED]

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[REDACTED] pointed out that FY 1983 will see only the beginning of the effort to correct the deficiencies in our capabilities. [REDACTED]

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The representative of the NSC Staff, Col Michael Berta expressed his concern about leaping the chasm from the brief description of the objectives to the strawman ranking of funding priorities. He said he was at a loss as how to proffer advice without a detailed display which presented funding levels and options for achieving the objectives. [REDACTED]

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Col Berta also noted that his request at the 24 July 1981 NFIC meeting on the FY 1983 program for displaying options for increased efforts in collecting Soviet scientific and technology intelligence had not been dealt with specifically. [REDACTED]

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Mr. Casey said that the principals should provide their advice on which programs should be ranked higher or lower. [REDACTED]

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[REDACTED] said that some, but not all, of the program managers did present a display of capabilities against target topics. [REDACTED] ICS, pointed out that we were dealing with first draft efforts to achieve such a display, and we were working to have such a presentation in the Congressional Budget Justification Books. [REDACTED]

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Admiral Inman said that what Col Berta was asking for was a result we were still striving for. At this time, we were exactly midstream on shifting to a target/topic structure. He noted that the objectives had been derived from the 1985 Capabilities Study which was still awaiting its turn on the National Security Council agenda. He hoped the transformation will have been completed by FY 1984. [REDACTED]

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The Deputy Under Secretary of Defense for Policy, General Richard Stilwell, USA (Ret), noted that in connection with the NFIP objective of increasing our flexibility to deal with crises, a deployable ground support capability for the U-2 fleet remained unfunded. [REDACTED]

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Inman said that the NFIP budget did provide funds to complete a modernized U-2 fleet. The data relay link [] was to be funded in the Tactical Cryptological Program. The ground support capability cited by General Stilwell had been reviewed during the July 1981 program cycle and deemed more appropriate for funding outside the NFIP as a part of general Department of Defense support to operating forces. []

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The Assistant Chief of Staff, Intelligence, USAF, Maj Gen John Marks, informed the Council that there was budgetary problems with the aircraft segment of [] (insufficient FY 1982 funds to accelerate the development effort) and that a proposal was being forwarded to the Secretary of Defense to reduce the leadtime for the support capability from 36 to 24 months. He cautioned that even with an accelerated program, difficulties would remain with airframe and satellite transmission capabilities. []

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The Deputy Director, Defense Intelligence Agency, RADM Edward Burkhalter, stressed the importance of the first objective. He said that although the FY 1983 budget did provide for some improvements, we should be prepared to ask for even more flexibility, particularly in the Middle East, Africa, and Latin America. He also noted the importance which DIA and CIA attached to improving capabilities at the National Photographic Interpretation Center. []

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There was a general discussion prompted by General Stilwell's question about the nature of support to military forces. He observed that the 24 July 1981 NFIC meeting had noted that Department of Defense funding for [] was tied to indications and warning, which had broader implications than support to U.S. forces. []

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In response to General Stilwell's statement of concern about the U-2 deployment capability, [] said that in the light of Maj Gen Marks' comments [] the issue would have to be re-addressed. []

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Admiral Inman and [] cited a number of examples of support to operating forces funded within the NFIP. Support to operating forces is a category of all activities designed to improve the flow of intelligence from national systems to operating forces. []

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On the second objective, to provide better understanding of Soviet political, economic, and military policies and insight into stresses in the Soviet system [] said that the importance of this topic had been highlighted by recent NFIB (Board) deliberations. It was even more important now to try to understand the Soviet economic dilemma, the forthcoming changes in leadership, the forces affecting the Soviet military program, and Soviet relations with their proxies. []

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The FY 1983 budget provides for an across-the-board improvement in collection, processing, and production against this target. He cited specific improvements:

[REDACTED]

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- additional analysts and support systems to handle increased collection
- improved capabilities against Third World countries which are or could become Soviet proxies. [REDACTED]

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He cited the need to gain insights at the level just below Soviet leadership. [REDACTED]

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General Stilwell asked if we could identify precisely how many additional analysts and linguists were being deployed against this objective. [REDACTED]

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Mr. Casey pointed out that such data could be compiled from a variety of sources, and he cited the 1985 Capabilities Study, the report to Congress on technology transfer, and a counterintelligence study. He invited the principals to identify additional resources which they were deploying. [REDACTED]

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On the third objective, to maintain and improve our indications and warning performance, [REDACTED] noted that although our overall capabilities were quite good, improvements were needed in specific areas:

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- Korea
- rapid dissemination and analysis of I&W information to national authorities and theater commanders. [REDACTED]

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He cited specific initiatives in the FY 1983 budget to improve the collection and processing of I&W information:

- major telecommunications upgrades, such as DTS, NSA, and some GDIP systems
- data base development, additional analysts, and automated support for the Defense I&W network
- time-sensitive processing of COMINT

[REDACTED]

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[REDACTED] [REDACTED]

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The DCI noted that we were making a strong effort to improve our capabilities against this objective. [REDACTED]

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[REDACTED]

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[] said that these improvements were most welcome. He asked that we also consider a small NRP change which would improve our capability to handle radar imagery mensuration. []

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It was noted that this was an issue yet to be resolved. []

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In response to a question by BGen Harry Hagaman, the representative of the U.S. Marine Corps, about the role of human source collection, [] said that there was such an effort, especially in Europe. []

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Maj Gen Marks recounted a recent visit with the head of the Military Airlift Command (MAC) who was concerned about the threat of terrorism as part of the I&W problem. He said that the terrorism intelligence should be passed on the I&W network. He observed that we should be wary of treating I&W information in isolation, and all types of intelligence information needed to be considered for their I&W potential. []

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Admiral Inman observed that the newly adopted MAC practice of providing pre-flight information to watch centers was a step forward in recognizing the importance of I&W information. []

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The DCI noted that I&W could even include information about political instability. []

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[] argued that the unified and specified commands needed a soft-copy system to exploit the new collection mix for I&W intelligence. []

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It was noted that this was an unresolved issue. []

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On the fourth objective, to provide more extensive support to military planners, [] noted that the increased sophistication of modern weapons calls for:

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- earlier and better information on weapons, in development, in test, and deployed
- increased emphasis on Soviet general purpose forces
- more attention to non-Soviet weapons being sold in the Third World
- continued attention to Soviet doctrines, strategy, and plans. []

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The FY 1983 budget provided initiatives designed largely to exploit already improved collection capabilities, such as:

- []
- improved collection on Soviet general purpose force weapons, []
- manpower and study support for nuclear targetting policy and []

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[redacted] noted that both CIA and DIA were undertaking initiatives against low-energy weapons systems which were a source of particular concern to the military services. [redacted]

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[redacted] noted that [redacted] may be cut from FY 1982 GDIP external analysis funds and that these resources required protection. He also cited the importance which DIA attached to two packages at risk pertaining to [redacted]

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On the fifth objective, to continue support to arms control monitoring and negotiations, [redacted] said that the primary objective was to ensure access to information despite deliberate efforts to conceal treaty violations. [redacted]

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The FY 1983 budget continues efforts to improve collection by:

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- improved collection and analysis of Soviet weapons development and production rates
- improved ability to detect nuclear detonations. [redacted]

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There were no specific comments by the principals. [redacted]

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On the sixth objective, to replace our ability to support possible intervention in Third World areas, [redacted] noted that if we achieve better coverage of the Third World, we need to translate that information into the form required to support operating forces, such as:

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- detailed data bases on all aspects of a potential operating area in a forum suitable for use by operating forces
- rapid processing and communication of information from national systems
- political action and paramilitary capabilities to supplement or replace conventional operations. [redacted]

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The FY 1983 budget provided initiatives to begin the re-creation of an intelligence base to support contingency forces:

- analysts and data bases
- added emphasis on language training
- processing and dissemination of imagery and SIGINT-derived information to deployed force commanders
- improved communications

[redacted]

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[redacted] noted the close connections between this objective and the one calling for greater flexibility to deal with crises. He stressed the need to bear in mind wartime requirements which could arise from dealing with these objectives. He noted that the U-2 deployable ground support system was important for this objective, and a package to improve the attache system was currently outside the DCI guidance cut-off point. [redacted]

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The U.S. Army representative again stressed the need to improve the human source collection effort. [redacted]

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General Stilwell offered the general comment that despite all the proposals for increasing the numbers of linguists, analysts, and human source collectors, the net increase from FY 1982 to FY 1983 in human source collection totalled [redacted] people. Some [redacted] people were being added to production elements. [redacted]

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Admiral Inman said that the increase from FY 1982 to FY 1983 was small compared to the projected increase over the next five years. It was important to consider the availability of people to be recruited, their qualifications, and the ability of a program to absorb additional manpower. [redacted]

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Admiral Inman requested the principals to provide their comments in writing on the statement of objectives and efforts to attain them.* It was important not to give the impression that the FY 1983 budget would repair all our major deficiencies. [redacted]

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Mr. Casey stressed that the FY 1983 effort represented a start on the right road. [redacted]

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On the last three objectives, to deal better with terrorism and espionage, to provide better data on [redacted] and to complete the development and acquisition of new collection, processing, and analyst support capabilities in the 1980s, [redacted] scanned the highlights of these targets and the initiatives in the FY 1983 budget and invited comments by the principals. [redacted]

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*See NFIC/NFIB-74.2/175 dated 18 November 1981

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[redacted]

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The FBI representative, Mr. Edward O'Malley, noted that a proposed manpower reduction could leave the Intelligence Division short of the 259 additional people it needed.

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Maj Gen Marks noted that more resources would be needed to implement the Capabilities Programming and Budget System. He observed that the revised budget process presented two problems which the NFIC should consider at an early meeting. One was that the proposed matrix would require a vast increase in data holdings which would not be manageable without more ADP support. Second, the timing of the NFIP budget process was not synchronized with the timing of the Defense budget process.

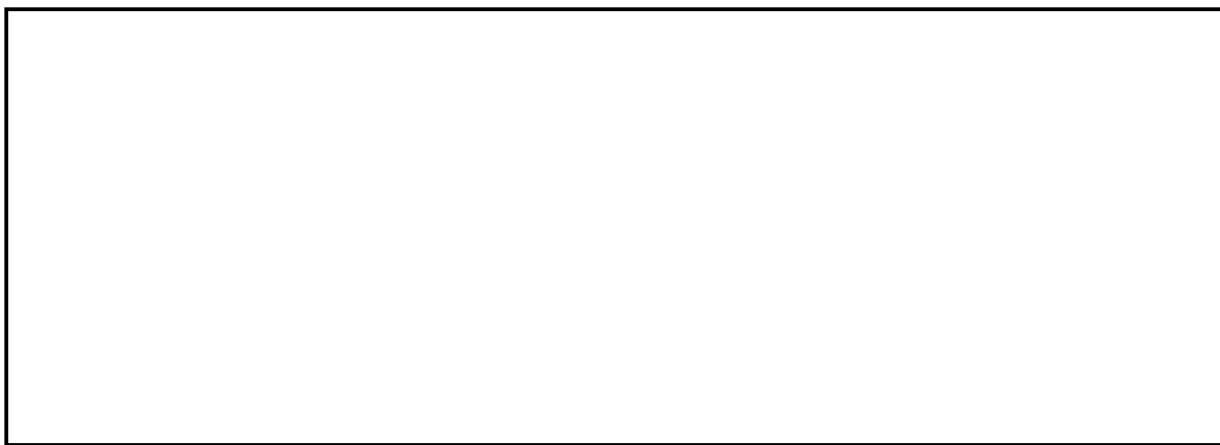
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Admiral Inman re-emphasized the fact that National Security Council action on our future capabilities was still pending. In the meantime, he urged the Council to continue working towards the completion of a target/topic structure.

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The Department of the Treasury representative, Mr. Foster Collins, with support from other Council principals, proposed the inclusion of a new objective, to improve and expand economic intelligence as follows:

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Walter Elder

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Attachment:
Charts

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NFIC Meeting, 18 November 1981, 1400-1500 Hours

THOSE PARTICIPATING

Mr. William J. Casey, Director of Central Intelligence
Admiral B.R. Inman, Deputy Director of Central Intelligence
Mr. Hugh Montgomery, Director of Intelligence and Research, Department
of State
RADM Edward Burkhalter, Acting for Director, Defense Intelligence Agency
Lieutenant General Lincoln D. Faurer, U.S. Air Force, Director, National
Security Agency
Mr. Edward C. Aldridge, Jr., Under Secretary of the Air Force
General Richard Stilwell, U.S. Army (Ret.), Deputy Under Secretary of
Defense for Policy
Mr. J. Foster Collins, Special Assistant to the Secretary (National
Security) Department of Treasury
Mr. Edward J. O'Malley, Assistant Director, Intelligence Division,
Federal Bureau of Investigation
Mr. Merrill Kelly, Acting Assistant Chief of Staff, Intelligence,
Department of the Army
Rear Admiral John Butts, U.S. Navy, Acting for Director of Naval
Intelligence, Department of the Navy
Major General John B. Marks, U.S. Air Force, Assistant Chief of Staff,
Intelligence, Department of the Air Force
Brigadier General Harry T. Hagaman, U.S. Marine Corps, Director of
Intelligence, United States Marine Corps
Mr. Richard K. Willard, Counsel for Intelligence Policy, Department
of Justice
Dr. Michael K. Berta, Acting for Representative for the Assistant to the
President for National Security Affairs
Mr. Sherman Unger, General Counsel, Department of Commerce

THOSE ATTENDING

Director, Intelligence Community Staff
Mr. John McMahon, D/NFA

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